

FDIC Advisory Committee of State Regulators

October 14, 2020

Discussion of State Banking Conditions

Select Examination Trends



Commercial Real Estate (CRE) Risk Management Trends

Most CRE portfolios appear to be satisfactorily managed

- More frequently cited CRE-related supervisory recommendations are related to:
 - Board/management oversight – concentration/policy limits, strategic planning.
 - Portfolio sensitivity analysis – analysis process, consideration of results.
 - Portfolio management – concentration monitoring, contingency planning.
- Funding strategy and credit underwriting supervisory recommendations are less often cited; however, funding strategy has more often involved MRBA citation.

Matters Requiring Board Attention (MRBA) Trends

Overall, MRBA occurrences have been declining at satisfactorily rated institutions the past five years

- In first half of 2020, 1 in 4 examinations of satisfactorily rated institutions cited MRBA(s).
- Most MRBAs are centered around Board/management oversight matters:
 - Corporate governance issues like policy concerns, audit, and Board oversight are most prevalent.
- Credit/lending administration MRBA occurrences remain at manageable levels.